## INCERNING TELEGRAM

## Department of State

B. Hollan

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FROM: BONN

Control: 15106 7"
Rec'd: MAY 23, 1959
9:40 AM

Info

LICHI: BONN

: Secretary of State

SS G SP

NO: 2635, MAY 23, 1 PM

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SENT DEPARTMENT 2635; REPEATED INFORMATION LONDON 694, PARIS 908, MOSCOW 322, THE HAGUE, TOKYO, HAMBURG UNNUMBERED.

PE P DOP

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PARIS FOR USRO AND EMBASSY

WHISC

REF: EMBTEL SENT DEPT 2627

WCES IRC DCL

EMBASSY OFFICER REQUESTED ERHARD TO CLARIFY FURTHER SHIP CREDITS REPORTED EMBTEL 2627 DURING COURSE OF MEETING YESTERDAY AFTER-NOON. ERHARD STATED HOWALDT A CORPORATION WHICH OPERATED AS A PRIVATE COMPANY. ALTHOUGH SHARES HELD BY FEDERAL REPUBLIC, IT HAD ITS RESPONSIBLE BOARD OF DIRECTORS AND MANAGING BOARD. UNDER FEDERAL REPUBLIC CONSTITUTION OR EXISTING LEGISLATION NO WAY IN WHICH FEDERAL REPUBLIC COULD REQUEST PRIVATE BANKS TO

OCB CIA OSD

ICA

REFUSE EXISTING FINANCING FACILITIES TO PRIVATELY OPERATING CORPORATION.

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EMBASSY OFFICER REMARKED THIS MIGHT MEAN A SIGNIFICANT GAP IN CONSTITUTION OR EXISTING LEGISLATION AND STRESSED POINT BY REQUESTING WHAT POWER OF FEDERAL REPUBLIC WOULD BE IF VERY SUBSTANTIAL CREDIT WERE TO BE OFFERED USSR ON PRIVATE BASISERHARD ADMITTED AT THIS POINT THAT FEDERAL REPUBLIC WOULD INTERVENE.

ERHARD STRESSED THAT NO GOVERNMENT CREDIT OR GUARANTEES OF ANY SORT WERE INVOLVED, AS THE FEDERAL REPUBLIC STOOD FIRMLY ON OUR SIDE ON THE QUESTION OF GOVERNMENT AID DIRECTLY OR INDIRECTLY TO USSR.

IN EMBASSY VIEW, AN ADDITIONAL FACTOR MAY BE POLITICAL DIFFICUL-TIES CONNECTED WITH PROJECTED TRANSFER TO PRIVATE HANDS OF

HOWALDT UNLESS "UNCLASSIFIED REPRODUCTION FROM

DECLASSIFIED AND RELEASED CONFIDENTIAL CENTRAL INTELLIGENCE AGENCY SOURCES METHODS EXEMPTION 3828
NAZIWAR CRIMES DISCLOSURE ACT DATE 2008

FOR COORDINATION WITH

State

## CONFIDENTIAL

-2- 2635, MAY 23, 1 PM, FROM FONN.

HOWALDT SHARES, AS WELL AS FACT HOWALDT IN SPD TERRITORY AND LAND GOVERNMENT PROBABLY EAGER TO SEE HAMBURG SHIPYARDS OBTAIN ADDITIONAL ORDERS IN VIEW OF SERIOUS DROP IN ORDER BACKLOG.

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